

FEDERAL COMMUNICATIONS COMMISSION  
Washington, D. C. 20554

December 20, 2004

OFFICE OF  
MANAGING DIRECTOR

Jerry DeCiccio  
Chief Financial Officer  
GTC Telecom  
3151 Airway Ave., Suite P-3  
Costa Mesa, CA 92626

Re: GTC Telecom  
Request for Waiver of FY 2004 Regulatory Fee  
Fee Control No. 00000RROG-04-082

Dear Mr. DeCiccio:

This is in response to your request dated July 27, 2004, filed on behalf of GTC Telecom, for a waiver of the fiscal year (FY) 2004 regulatory fee on the grounds of financial hardship. Our records reflect that you have not paid the regulatory fees at issue here.

You recite that GTC Telecom "has not yet made a profit and our Net Loss less Depreciation continues to be negative." You state that "GTC Telecom has not paid any dividends since our inception . . . [and that] GTC Telecom has a 'Going Concern' opinion on its financial statements for [calendar years 2002 and 2003.]" You submit a document entitled "GTC Telecom Corp. Condensed Consolidated Statements of Operations (Unaudited)" (*Statement of Operations*) for the twelve months ending December 31, 2003 and the twelve months ending December 31, 2002. In a supplemental filing, you state that the \$3,355,014.00 line item for "Payroll and related expenses" on the *Statement of Operations* for calendar year 2003 includes payments to principals and officers of GTC Telecom in the amount of \$510,400.00. You also state that the \$4,057,102.00 line item for "Selling, general, and administrative expenses" on the *Statement of Operations* for calendar year 2003 includes depreciation and amortization of \$220,241.00.

In establishing a regulatory fee program, the Commission recognized that in certain instances payment of a regulatory fee may impose an undue financial hardship upon a licensee. The Commission therefore decided to grant waivers or reductions of its regulatory fees in those instances where a "petitioner presents a compelling case of financial hardship." *See Implementation of Section 9 of the Communications Act*, 9 FCC Rcd 5333, 5346 (1994), *recon. granted*, 10 FCC Rcd 12759 (1995). In reviewing a showing of financial hardship, the Commission relies upon a licensee's cash flow, as opposed to the entity's profits, and considers whether the station lacks sufficient funds to pay the regulatory fee and maintain service to the public. Thus, even if a station loses money, any funds paid to principals, deductions for depreciation or similar items are considered funds available to pay the fees.

Our review of GTC Telecom's *Statement of Operations* indicates that GTC Telecom suffered a financial loss in the 2003 calendar year, which was only partially offset by depreciation and amortization, and payroll expenses attributable to its principals and officers (i.e., the loss of \$1,082,072.00 as indicated on the *Statement of Operations* for calendar year 2003, adjusted for amortization and depreciation, and the payments to principals and officers equals a net loss of \$351,431.00). Given that GTC Telecom suffered a financial loss in calendar year 2003, we grant your request for a waiver of the regulatory fee for FY 2004.<sup>1</sup>

If you have any questions concerning this letter, please contact the Revenue and Receivables Operations Group at (202) 418-1995.

Sincerely,



Mark A. Reger  
Chief Financial Officer

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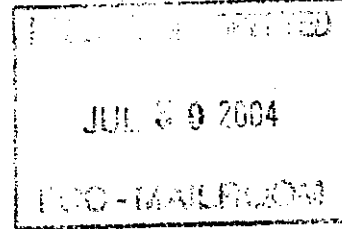
<sup>1</sup> You also request a waiver of GTC Telecom's FY 2003 regulatory fee. On April 20, 2004, you filed a request that the Commission's Office of Managing Director reconsider its decision denying GTC Telecom's request for waiver and refund of the fiscal year 2003 regulatory fee on the grounds of financial hardship. See Letter from Mark A. Reger, Chief Financial Officer, Office of Managing Director, to Drew N. Hamilton (dated Mar. 23, 2004). That request is pending and will be addressed in a separate letter.



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Leading the way in Telecommunications

July 27, 2004



Federal Communications Commission  
445 12<sup>th</sup> St SW  
Attn: Managing Director, Andrew Fishel  
Washington DC 20554

Attn: 2004 Regulatory Fee Waiver Reduction and 2003 Regulatory Fee Refund Request

Dear Mr. Fishel:

I am writing to request a hardship waiver of GTC Telecom's (Filer 499 ID# 818720) 2004 FCC Regulatory Fee.

In addition, as previously requested in past correspondence, I am requesting that the FCC refund back GTC Telecom's 2003 Regulatory Fee (for calendar year 2002) in the amount of \$18,936.77 due to hardship.

Per my discussion with Ms. Claudette Pride on Monday, July 26, 2004, I have enclosed GTC Telecom financials for the last 2 years. As a public company, GTC Telecom has not yet made a profit and our Net Loss less Depreciation continues to be negative. GTC Telecom has not paid any dividends since our inception. Also, GTC Telecom has a "Going Concern" opinion on its financial statements for these reporting periods as well.

Ms. Pride also stated that by filing this waiver request, GTC will not be subject to the 25% penalty for late filers.

Please contact me regarding any relevant information pertaining to this issue.

Sincerely,

Gerald A. DeCiccio  
CFO  
GTC Telecom